

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SSC-01 EB-07 TRSE-00 AID-05 OMB-01
CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00
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FM AMEMBASSY LIMA
TO SECSTATE WASHDC IMMEDIATE 5637

CONFIDENTIAL LIMA 5763

E.O. 11652: GDS
TAGS: EGEN, EFIN, PE
SUBJECT: FURTHER CHANGES IN ECONOMIC TEAM; GERMAN DE LA MELENA
IS NAMED NEW CENTRAL BANK PRESIDENT

REF: (A) LIMA 5628, (B) LIMA 5661

1. OFFICIAL GAZETTE EL PERUANO JULY 11 REPORTS THAT
DOCTOR GERMAN DE LA MELENA GUZMAN HAS BEEN NAMED
PRESIDENT OF THE BOARD OF DIRECTORS AND EXECUTIVE
PRESIDENT OF THE PERUVIAN CENTRAL RESERVE BANK
REPLACING DOCTOR CARLOS SANTISTEVAN, EFFECTIVE JULY 8.
PRIOR TO HIS APPOINTMENT DE LA MELENA WAS SUPER-
INTENDENT OF BANKS AND INSURANCE.

2. CLAUDIO HERZKA, CENTRAL BANK DIRECTOR OF ECONOMIC
STUDIES, INFORMED ECON OFF MORNING JULY 11 THAT
ENTIRE CENTRAL BANK TEAM (I.E. HERZKA, MANAGING
DIRECTOR ALONSO POLAR, AND TECHNICAL ADVISOR
MANUEL MOREYRA) WAS LEAVING CENTRAL BANK IN WAKE
OF SANTISTEVAN'S DEPARTURE. (ABSENCE IN PRESS
OF A SANTISTEVAN LETTER OF RESIGNATION HAS LED
TO SPECULATION HE MAY HAVE BEEN FIRED). HERZKA
INDICATED JULY 11 WOULD BE HIS LAST DAY. AT THIS
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POINT NO REPLACEMENTS HAVE BEEN NAMED.

3. COMMENT: THE SANTISTEVAN DEPARTURE CAME AS
NO SURPRISE IN VIEW OF THE JULY 6 CHANGE IN
ECONOMIC MINISTERS. THE QUESTION NOW, OF COURSE, IS
THE EFFECT ON GOP NEGOTIATIONS FOR AN IMF
STANDBY AGREEMENT. EVEN IF THE NEGOTIATIONS ARE

RENEWED, THE NEW ECONOMIC TEAM, LACKING THE INTERNATIONAL STATURE OF THE GROUP IT REPLACED, IS NOT LIKELY TO BE IN A POSITION TO NEGOTIATE EFFECTIVELY WITH THE FUND. THIS WOULD BE ALL THE MORE TRUE IF DE LA MELENA MOVES AWAY FROM THE BARUA/PIAZZA/SANTISTEVAN PROGRAM AND PROPOSES MORE STIMULATIVE ECONOMIC POLICIES. ONE INDICATION THAT THIS MAY BE THE CASE IS A REPORT THAT MINI-DEVALUATIONS HAVE BEEN HALTED. END COMMENT.

4. BIO DATA ON DE LA MELENA: ACCORDING TO EMBASSY FILES DE LA MELENA DID HIS SECONDARY SCHOOLING AT LEONCIO PRADO, THE PERUVIAN MILITARY SCHOOL. HE OBTAINED AN ECONOMICS DEGREE FROM THE CATHOLIC UNIVERSITY IN LIMA AND DID POST-GRADUATE WORK AT THE CENTER FOR LATIN AMERICAN MONETARY STUDIES IN MEXICO AND THE WORLD BANK'S INSTITUTE OF ECONOMIC DEVELOPMENT IN WASHINGTON. EMBASSY FILES INDICATE THAT IN 1963 DE LA MELENA WAS WORKING IN THE CENTRAL BANK'S ECONOMIC STUDIES DEPARTMENT, SPECIALIZING IN RESEARCH ON EXTERNAL CAPITAL. IN 1969 DE LA MELENA WAS REPORTEDLY CHIEF ADVISOR TO THE CENTRAL BANK PRESIDENT AND IN 1970 WAS THE ECONOMY AND FINANCE MINISTRY'S REPRESENTATIVE ON THE BOARD OF THE INDUSTRIAL BANK.

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5. DE LA MELENA WAS STILL AT THE BANK IN 1975, BUT APPARENTLY WAS REMOVED WHEN CARLOS SANTISTEVAN BECAME PRESIDENT. THERE ARE RUMORS THAT SOME BANKING OFFICIALS (INCLUDING SANTISTEVAN) BELIEVE DE LA MELENA HAS LITTLE PERSON ABILITY. IN ADDITION, SOME OF THE OFFICERS IN THE CENTRAL BANK BELIEVE THAT DE LA MELENA MAY HAVE BEEN BEHIND THE ARTICLES WHICH APPEARED IN THE NON-GOVERNMENT PRESS EARLIER THIS SPRING REGARDING THE FIRST ROUND OF GOP/IMF NEGOTIATIONS. ONE EARLIER EMBASSY REPORT CHARACTERIZES DE LA MELENA AS A RABID NATIONALIST WHO FAVORS BOTH SUBSTANTIAL CREDIT EXPANSION AND IMPOSITION OF ECONOMIC CONTROLS. THE LOCAL REPRESENTATIVE OF A US BANK WHO DEALS REGULARLY WITH DE LA MELENA INDICATES HE IS RELATIVELY EASY TO WORK WITH AND A STRAIGHT-FORWARD INDIVIDUAL. ECON OFF ALSO OBTAINED THIS IMPRESSION OF DE LA MELENA ON THE ONE OCCASION THEY MET. VARIOUS SOURCES CLAIM DE LA MELENA ENJOYS CONFIDENCE OF PRESIDENT MORALES BERMUDEZ. SHLAUDEMANN

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Message Attributes

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